

Substantial additions were made to the automatic telephone-exchange building at Hamilton and to the post-office buildings at Dunedin North, Epsom, Kilbirnie, Kingsland, Mount Eden, and Waimate.

Post-office buildings are in course of erection at Avondale, Christchurch (chief post-office, Hereford Street block), Devonport, Grey Lynn (Auckland), Invercargill, Milton, Otorohanga, St. Albans, Sumner, and Tauranga. A five-storied office and line-depot building is being erected at Wellington (Herd Street). Major additions are being made to the Auckland, Oamaru, and Palmerston North chief post-office buildings.

Tenders received for the erection of a new chief post-office building at Hamilton are at present under consideration. Tenders have been called for the erection of a new chief post-office building at Wanganui. Plans are in preparation for new chief post-office buildings at Christchurch (Cathedral Square block), and New Plymouth, new post-office buildings at Hokitika, Lower Hutt, South Dunedin, Te Kuiti, Waipawa, Wellesley Street (Auckland), Wellington South, and Whakatane, and a store and workshop building at Dunedin. Plans are also being prepared for substantial additions and alterations to the post-office buildings at Ashburton, Balclutha, Ellerslie, Huntly, Opotiki, Taihape, and Te Aroha.

POSTAL BUSINESS.

Postal business continues to expand at a very satisfactory rate, the increase in revenue last year amounting to £182,885, compared with increases of £162,664 in 1936-37 and £94,889 in 1935-36.

OCEAN MAIL SERVICES.

Since my last report, the prompt and regular despatch of mails to destinations overseas has been continued. The contract mail service between Auckland and Vancouver continues to be performed regularly by vessels of the Canadian-Australian Line.

AIR MAILS.

Inland air services carried a steadily increasing volume of mail during the year. An average of 40,000 letters is being conveyed weekly on the services at the present time.

AUSTRALIA-ENGLAND SERVICE.

There was a further increase in the number of letters from New Zealand despatched on the Australia-England service. Details of the volume of mail carried are shown on page 17.

The Empire Air Mail Scheme, under which it is proposed that all letter-mails between Empire countries be carried by air without surcharge, was inaugurated between Great Britain and South Africa in June, 1937, and was extended to Egypt and Empire countries on the England-Singapore route in February of this year. The postage-rate fixed by Great Britain and South Africa for correspondence despatched on the air service is 1½d. per half ounce. The extension to Australia is expected to be made in July next. New Zealand will then participate in the scheme on the basis suggested originally by the Mother Country, that is, all letters posted in New Zealand for the Empire countries concerned to be transported on the Empire air service (the air journey to commence meantime in Australia) and the postage charge to be 1½d. each half ounce.

It is not possible at the moment to indicate when the trans-Tasman extension to New Zealand will operate, but a full statement will be made by Government at the earliest opportunity.

PACIFIC SERVICE.

Inaugurating the air-mail service between New Zealand and the United States of America, Pan-American Airways "Samoa Clipper" left Auckland on the 2nd January for Honolulu via Pago Pago and Kingman Reef. On the 12th January, during the return flight, the flying-boat was lost at sea near Tutuila Island. To the people of the Dominion, particularly those who had had the opportunity of meeting the Commander, Captain Musick, and his crew, the news of the disaster came as a great shock. The loss of the flying-boat has caused a suspension of the service for the time being.

No mail-matter was lost with the clipper, as the United States Post Office was not using the service at the time for the carriage of mails.